

Stormwater, Asset Management, Wastewater (SAW) Loan Application for Financial Assistance

Michigan Department Environmental Quality

Rick Snyder, Governor

Dan Wyant, Director



<http://www.michigan.gov/deq>

Administered by:

The Office of Drinking Water and Municipal Assistance

Revolving Loan Section

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517-335-0994

The Michigan Department of Environmental Quality (DEQ) will not discriminate against any individual or group on the basis of race, sex, religion, age, national origin, color, marital status, disability or political beliefs. Questions or concerns should be directed to the DEQ Office of Human Resources, P.O. Box 30473, Lansing, MI 48909.

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October 4, 2013

SAW Loan Application Instructions

In order to obtain a SAW loan for construction activities designed to protect water quality when identified in (1) an asset management program or (2) an approved stormwater management plan or (3) construction activities for an innovative stormwater or wastewater technology approved by the DEQ, an applicant must provide Parts A and B noted below.

Part A: Complete this portion of the loan application and return with all of the following:

- Authorizing Resolution
 - The resolution must be signed and dated.
 - The authorized representative designated on the resolution must be the same designee that signs page A-12 of the loan application.
- Project Proposal
 - Description of project proposal requirements is found on page A-14 of the loan application.
 - For stormwater projects, identify the source document for the project (i.e., Clean Michigan Initiative, total maximum daily load, 319, or SAW stormwater management plan) and the approval date in the Project Need section of the Project Proposal.
- Financial information requested on page A-12, Item N, 2 through 8, may be submitted electronically.

The applicant's signature on Part A certifies that (1) the asset management plan addresses the following required components: asset inventory, level of service, critical assets, revenue structure, and (2) the proposed project is identified in the capital improvement portion of the plan.

Part B: Complete this portion of the application and submit **after** Part A has been reviewed and approved by the Michigan Finance Authority and the DEQ.

Thirty million dollars is available for SAW loan activities in Fiscal Year 2014. The maximum loan request is \$10 million per applicant per year. Loan applications that are approved for SAW funding in Fiscal Year 2014 and not funded, will be placed on a list to receive future funding as it becomes available. All loan terms (i.e., interest rate, loan limit per application) are subject to change for future years beyond Fiscal Year 2014.

**Stormwater, Asset Management, and Wastewater (SAW)
Loan Application
PART A - FINANCIAL INFORMATION**

Questions about Part A should be directed to the Michigan Finance Authority at 517-335-0994.

Project Name _____

Associated SAW Grant No(s). (if applicable) _____

A. Legal Name of Applicant _____

The legal name of the applicant may be different than the name of the project. For example, a county may be the legal applicant for bonding purposes, while the project may be named for the particular village or township it serves.

If applicant is not a City/County/Township/Village, provide Authorizing Statute to qualify as a municipality. _____

B. Address of Applicant

(Street, P.O. Box)

(City, State & Zip)

(Federal Employer Identification Number)

(Area Code and Telephone Number)

C. Designated Contacts for this Project

1. Authorized Representative (as named in the resolution)

Name _____

Title _____

(Street, P.O. Box)

(City, State & Zip)

(Area Code and Telephone Number)

(E-mail Address)

2. Primary Contact (if different than authorized representative)

Name _____ Title _____

(Area Code and Telephone Number)

(E-mail Address)

3. Applicant's Bond Counsel

Name _____

Firm _____

(Street, P.O. Box)

(City, State & Zip)

(Area Code and Telephone Number)

(E-mail Address)

4. Applicant's Financial Advisor

Name _____

Firm _____

(Street, P.O. Box)

(City, State & Zip)

(Area Code and Telephone Number)

(E-mail Address)

5. Consulting Engineer

Name _____

Firm _____

(Street, P.O. Box)

(City, State & Zip)

(Area Code and Telephone Number)

(E-mail Address)

D. Authorizing Statute

Identify the statute(s) under which the applicant will bond to finance this project.

- | | | | |
|---------------------------------------|--|--|--|
| <input type="checkbox"/> PA 3 (1895) | <input type="checkbox"/> PA 94 (1933) | <input type="checkbox"/> PA 233 (1955) | <input type="checkbox"/> PA 342 (1939) |
| <input type="checkbox"/> PA 7 (1967) | <input type="checkbox"/> PA 116 (1923) | <input type="checkbox"/> PA 235 (1947) | <input type="checkbox"/> Part 43, PA 451 (1994) |
| <input type="checkbox"/> PA 34 (2001) | <input type="checkbox"/> PA 129 (1943) | <input type="checkbox"/> PA 278 (1909) | <input type="checkbox"/> Part 47, PA 451 (1994) |
| <input type="checkbox"/> PA 35 (1951) | <input type="checkbox"/> PA 185 (1957) | <input type="checkbox"/> PA 279 (1909) | <input type="checkbox"/> Part 119, PA 451 (1994) |
| <input type="checkbox"/> PA 40 (1956) | <input type="checkbox"/> PA 188 (1954) | <input type="checkbox"/> PA 312 (1929) | |
| <input type="checkbox"/> PA 76 (1965) | <input type="checkbox"/> PA 202 (1943) | <input type="checkbox"/> Public Act _____ of _____ | |

The applicant's bond counsel or financial advisor can provide assistance in determining the statute under which the bonding should proceed. Some of the referenced statutes will require the publication of a notice of intent and/or require the holding of a public referendum, which may need to occur several months before bonds are issued.

E. Project Estimates

The estimated cost of the project should include all costs, whether eligible for loan assistance or not. The estimated cost should be rounded to the nearest \$5,000.

Estimated Total Cost of Project: \$ _____

Estimated Amount to Be Borrowed: \$ _____

What is the impact to user rates as a result of this project? _____

F. Principal Payment Dates

*Annual principal payments will be due each year until the debt is retired. Principal payments must commence in April or October but no later than one year after the targeted date of the initiation of operation that has been agreed to by the DEQ and the applicant. **Principal payments may not be made in more than 20 annual installments.***

Preference for Payment ☐ April ☐ October

Proposed First Principal Payment Will Occur On _____

Proposed Last Principal Payment Will Occur On _____

Targeted SAW Construction Date _____

G. Investment Grade Rating

The applicant is required to provide evidence of an investment grade rating before financing can be completed. The investment grade rating intended to be used to satisfy this requirement must be for the bonds the applicant intends to issue or for bonds that have the same security pledged for bond repayment. A bond counsel or financial advisor can provide assistance with assessing options to

bring the loan to an investment grade level. Refer to the Quarterly Financing Schedule for applicable dates.

Check the appropriate box below and provide the requested information:

☐ The applicant has obtained an investment grade rating, as detailed below:

Fitch's Long-Term Rating _____ Date _____

Type of Borrowing _____

Moody's Long-Term Rating _____ Date _____

Type of Borrowing _____

Standard & Poor's Long-Term Rating _____ Date _____

Type of Borrowing _____

☐ The applicant will achieve an investment grade rating, as detailed below:

H. Project Funding from Other Sources

The SAW loan cannot be used to pay for project costs which have been or will be covered by another source of funding, either public or private (e.g., grants or loans from other state or federal agencies or cash reserves already on hand). List the anticipated project costs which are to be covered by another funding source and identify the funding source(s).

I. Services Information

1. Population of Applicant's Service Area

1990 Census _____

2000 Census _____

2010 Census _____

Current Estimate _____

2. Service Provider

Check the appropriate boxes below. If a service is funded by the applicant but contracted out, mark the "OTHER" box in first column and the "APPLICANT" box in the second.

<u>SERVICE</u>	<u>SERVICE PROVIDED BY:</u>	<u>SERVICE FUNDED BY:</u>
Sewage	<input type="checkbox"/> Applicant <input type="checkbox"/> Other	<input type="checkbox"/> Applicant <input type="checkbox"/> Other
Stormwater	<input type="checkbox"/> Applicant <input type="checkbox"/> Other	<input type="checkbox"/> Applicant <input type="checkbox"/> Other

If sewage or stormwater service is provided by a separate authority, another public, or a private entity, name the provider and describe its service area.

Name of Provider _____

Service Area _____

3. Sewage System Users

Provide the number of sewage system users for each of the past five years, the projected number of users for each of the next five years, and data on the five largest sewage system users. This information should reflect only customers of the service area from which revenues for operation, maintenance, and replacement (OM&R) and debt will be derived.

(Current Year) _____ (Number of Users) _____

(Year) _____ (Number of Users) _____

(Year) _____ (Number of Users) _____

(Year) _____ (Number of Users) _____

(Year) _____ (Number of Users) _____

(Year) _____ (Projected Number of Users) _____

(Year) _____ (Projected Number of Users) _____

(Year) _____ (Projected Number of Users) _____

(Year) _____ (Projected Number of Users) _____

(Year) _____ (Projected Number of Users) _____

NAMES AND ADDRESSES OF THE FIVE LARGEST SEWAGE SYSTEM USERS	ESTIMATED % OF TOTAL SYSTEM USE
1.	
2.	
3.	
4.	
5.	

J. Tax Base Information

Sections J and K are intended to provide credit information about the issuer of the bonds. If the applicant is issuing the bonds directly, complete the information below. If instead the applicant is issuing the bonds through the county, the information provided should be for the county. If the applicant is issuing the bonds, an official statement for a general obligation bond issued within the past 12 months may be submitted instead and Sections J and K do not have to be filled out. If the county is issuing the bonds, an official statement for a general obligation bond which the county issued within the past 12 months may be submitted instead and Sections J and K do not have to be filled out.

☐ Official Statement Included (Sections J and K do not have to be filled out.)

1. Five Largest Employers in the Service Area:

EMPLOYER	TYPE OF BUSINESS	NUMBER OF EMPLOYEES
1.		
2.		
3.		
4.		
5.		

2. Five Largest Taxpayers in the Service Area:

TAXPAYER	ASSESSED VALUATION	ASSESSED % OF TOTAL VALUATION
1.		
2.		
3.		
4.		
5.		

K. Tax History Information

1. Tax History for the Two Preceding Fiscal Years

TAX HISTORY	Two Preceding Fiscal Years:	
	20____ - 20____	20____ - 20____
	AMOUNT	AMOUNT
Millage: Operating Allocated	mills	mills
Millage: Operating Voted	mills	mills
Millage: Capital Improvements	mills	mills
Millage: Debt	mills	mills
Millage: Other	mills	mills
Taxable Value	\$	\$
Tax Levies: Total	\$	\$
Tax Collections to Date	\$	\$
Delinquent Taxes	\$	\$
Tax Collections as % of Total Tax Levy	%	%

2. Tax History for the Current Fiscal Year

TAX HISTORY	Current Fiscal Year: 20____ - 20____		
	AMOUNT	MILLAGE LIMIT	MILLAGE EXPIRES
Millage: Operating Allocated	mills	mills	
Millage: Operating Voted	mills	mills	
Millage: Capital Improvements	mills	mills	
Millage: Debt	mills	mills	
Millage: Other	mills	mills	
Taxable Value	\$		
Tax Levies: Total	\$		
Tax Collections to Date	\$		
Delinquent Taxes	\$		
Tax Collections as % of Total Tax Levy	%		

3. Property Tax Information

COMPOSITION OF TAXABLE VALUE	AMOUNT	PERCENT
Residential Property		%
Industrial Property		%
Commercial Property		%
Agricultural Property		%
Other Property		%
Industrial/Commercial Facilities	\$	
Total Taxable Value	\$	

L. System Funding Sources

Identify the sources of funding for system capitalized costs and debt retirement, both current and after completion of the project. For stormwater, use this section if a stormwater utility is currently being used or will be used in the near future.

ANNUAL FUNDING SOURCE	CURRENT	AFTER COMPLETION
1. Debt Retirement Revenue	\$	\$
2. Annual Connection Fees \$_____X_____ connections	\$	\$
3. Special Assessments \$_____X_____ connections	\$	\$
4. Other Assessments or Fees _____ _____ _____	\$ \$ \$	\$ \$ \$
5. Transfers from Other Funds _____ _____ _____	\$ \$ \$	\$ \$ \$
6. Total Annual Revenue	\$	\$

M. SAW Project Cost Worksheet

The SAW Project Cost Worksheet should be completed as accurately as possible and submitted with the SAW Project Proposal.

Budget Item	Incurred Project Costs <i>Column A</i>	Estimated Project Costs <i>Column B</i>	Cost Supporting Documents Attached?	Total Costs <i>A + B = Total</i>
1. Planning Costs			<input type="checkbox"/> YES	
2. User Charge System Development Costs			<input type="checkbox"/> YES	
3. Design Engineering Costs			<input type="checkbox"/> YES	
4. Legal/Financial Service Fees			<input type="checkbox"/> YES	
5. Administrative Costs			<input type="checkbox"/> YES	
6. Bond Counsel Fees			<input type="checkbox"/> YES	
7. Bond Advertisement Costs			<input type="checkbox"/> YES	
8. Bid Advertisement Costs			<input type="checkbox"/> YES	
9. Land Acquisition/Relocation Costs			<input type="checkbox"/> YES	
10. Land Purchase Costs			<input type="checkbox"/> YES	
11. Construction Engineering Costs			<input type="checkbox"/> YES	
12. Construction Costs (bid contracts)			<input type="checkbox"/> YES	
13. Construction Costs (force account)			<input type="checkbox"/> YES	
14. Equipment Costs			<input type="checkbox"/> YES	
15. Other Project Costs			<input type="checkbox"/> YES	
16. SAW Project Cost Subtotal (sum of Line 1 through Line 15)				
17. LESS Non-SAW Funding and SAW Grants (other federal or state grants or loans, cash on hand, etc.)				
18. ± the amount needed to round Line 19 to the nearest \$5,000				
19. Project Cost to be Funded by SAW Assistance (sum of Lines 16, 17, and 18)				

N. Other **Required** Documents

*Check the appropriate boxes and attach the following items to your Part A submittal. **All attachments must be included or submitted electronically.***

- | | |
|---|--|
| <input type="checkbox"/> Attached | 1. Project Proposal. |
| <input type="checkbox"/> Submitted Electronically | |
| <input type="checkbox"/> Attached | 2. Current year budget. |
| <input type="checkbox"/> Submitted Electronically | |
| <input type="checkbox"/> Attached | 3. Most recent official statement or prospectus, if applicable. |
| <input type="checkbox"/> Submitted Electronically | |
| <input type="checkbox"/> N/A | |
| <input type="checkbox"/> Attached | 4. Direct and overlapping debt schedules and a list of future debt that has been authorized but unissued. |
| <input type="checkbox"/> Submitted Electronically | |
| <input type="checkbox"/> No Debt | |
| <input type="checkbox"/> Attached | 5. Explanation of payment default on any security, if applicable. |
| <input type="checkbox"/> Submitted Electronically | |
| <input type="checkbox"/> No Default | |
| <input type="checkbox"/> Attached | 6. Disclosure of any pending litigation or legislation that is material to your financing or that could have an adverse impact on the financial condition of the borrower. |
| <input type="checkbox"/> Submitted Electronically | |
| <input type="checkbox"/> None | |
| <input type="checkbox"/> Attached | 7. Total system revenue and expense projections for the first two years after the proposed project is initiated. |
| <input type="checkbox"/> Submitted Electronically | |
| <input type="checkbox"/> Attached | 8. A financial projection demonstrating revenue supporting debt service, including a bond repayment schedule. |
| <input type="checkbox"/> Submitted Electronically | |

I certify that I am the authorized representative designated by the governmental unit that will issue the bond(s) for this project and that the Part A Financial Information being submitted is complete and accurate to the best of my knowledge. If the proposed project is identified in an asset management plan that has not been prepared with SAW grant funds, I certify that (1) the asset management plan addresses the required components, and (2) the proposed project is identified in the capital improvement portion of the plan.

Name and Title of Authorized Representative (*Please Print or Type*)

Signature of Authorized Representative (*Original Signature Required*)

Date

In accordance with the date in the financing schedule, return the completed Part A with all specified attachments to:

REVOLVING LOAN SECTION
OFFICE OF DRINKING WATER AND MUNICIPAL ASSISTANCE
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

MAILING ADDRESS

PO BOX 30241
LANSING MI 48909-7741

DELIVERY ADDRESS

CONSTITUTION HALL 4th FLOOR SOUTH
525 W ALLEGAN
LANSING MI 48933

SAW Loan Project Proposal

Below are the minimum requirements for a Project Proposal.

1. Study Area Identification and Description

- a. Should at least cover the geographic area served by or affected by the proposed project. For example, for a nonpoint source project that is replacing an asphalt mall parking lot with porous pavers, the study area should at a minimum encompass the parking lot, mall, and properties that abut the parking lot.
- b. Population Data – include as needed (e.g., asset management associated with future needs that would be based on population projections).
- c. Environmental Setting – include description of environmental features relevant to project's geographical area and project construction activities. Include a map.
 - If present, identify wetlands, floodplains, natural/wild scenic rivers surface waters, parks, agriculture land, and endangered/threatened species. A Michigan Natural Features Inventory review should be conducted unless the applicant can show that construction is limited to a developed urban area.
- d. Do NOT include land use and economic characteristics, unless relevant to the project.

2. Existing Facilities

Should be described to the extent that they are included in the project or will be affected by the project.

3. Project Need

Describe the need for the project as detailed in the asset management plan or stormwater management plan, as well as any relevant permit compliance issues and water quality problems. Facility or project needs should be evaluated for a time period as long as the service life of the proposed project (i.e., the proposal should evaluate needs for a long enough timeframe so that the proposed project doesn't become ineffective after only a few years or before the loan has been paid off).

4. Description of Project Options Considered

Provide a description of the options considered to address the proposed project including a brief description of the costs and potential environmental impacts, if any.

5. Proposed Project

Provide a description of the proposed project and a construction schedule, as well as maps and/or diagrams, if available.

6. Evaluation of Environmental Impacts

Discuss impacts from project construction and operation. Include a summary of mitigation measures and beneficial impacts.

**A RESOLUTION ADOPTING A FINAL PROJECT PROPOSAL
FOR WASTEWATER/STORMWATER SYSTEM IMPROVEMENTS AND
DESIGNATING AN AUTHORIZED PROJECT REPRESENTATIVE**

WHEREAS, the _____ (*legal name of applicant*) recognizes the need to make improvements to its existing wastewater/stormwater treatment and collection system; and

WHEREAS, the _____ (*legal name of applicant*) authorized _____ (*name of consulting engineering firm, if applicable*) to prepare a Project Proposal, which recommends the construction of

_____; and

NOW THEREFORE BE IT RESOLVED, that the _____ (*legal name of applicant*) formally adopts said Project Proposal and agrees to implement the project.

BE IT FURTHER RESOLVED, that the _____ (*title of the designee's position*), a position currently held by _____ (*name of the designee*), is designated as the authorized representative for all activities associated with the project referenced above, including the submittal of said Project Proposal as the first step in applying to the State of Michigan for a Stormwater/Asset Management/Wastewater fund loan to assist in the implementation of the selected alternative.

Yeas:

Nays:

Abstain:

Absent:

I certify that the above Resolution was adopted by _____ (*the governing body of the applicant*) on _____.

BY: _____
Name and Title (*please print or type*)

Signature

Date

SAW Loan Instructions for Completing the Project Cost Worksheet

1. Entering Cost Figures

To complete the Project Cost Worksheet, enter costs incurred to date in the first column and estimated costs in the second column. **Use whole dollar amounts for all entries.** A budget line item may have costs entered in each column; however, the entries must accurately reflect the division between incurred costs and estimates (i.e., the costs in the second column must not be a cumulative total). Contact the assigned DEQ project manager for guidance concerning questions on line item entries.

2. Supporting Documentation

Adequate documentation must be attached to the Part A submittal to support the costs included on the Project Cost Worksheet submitted with the Project Proposal. Check the box in the third column on each requested line item.

- For incurred costs, adequate supporting documentation means proof of billing or payment for each cost that is to be reimbursed by SAW funds. For engineering costs, this means copies of the monthly invoices from your consulting engineer.
- For estimated costs, adequate supporting documentation means either an executed contract or an invoice or letter from the vendor detailing the services to be rendered and their costs.
- For work performed by applicant employees (force account work), adequate supporting documentation means summaries that list the title or classification, hours worked, hourly wage rate, and fringe benefits (limited to 40 percent of salary) of each employee involved in SAW project work. For incurred costs, the summaries must be based on time sheets, daily logs, or other records that detail the actual hours worked. The services provided by each employee must be described in brief and specifically linked to the project. The term "employee" refers to permanent staff on the current payroll of either the applicant or the municipality for which the SAW project is being constructed. Also note that the actual hours worked must be accounted for each employee; a summary of estimated hours will not be accepted when the final project costs are reviewed by the DEQ project manager.
- For land purchases (Line 10), adequate supporting documentation means a letter from the applicant that details the location, acreage, purchase price, and need for each land purchase for which SAW reimbursement is being sought. A copy of the written appraisal that was performed for each parcel to be purchased must be attached to this letter.
- For construction costs — bid contracts (Line 12), adequate supporting documentation means either the successful bidder's proposal or, if pre-qualified contractors perform construction work on private property, the basis by which the applicant derived its cost-per-house construction estimate. That estimate must be supported by one of the following: (1) a pilot study used to determine a per-house cost; (2) comparative quotes from two or more potential contractors for a representative group of homes; or (3) another method approved by the DEQ.
- For equipment (Line 14) and miscellaneous items (Line 15), adequate supporting documentation means a letter that details the purpose and cost of each item for which SAW reimbursement of the purchase cost is being sought.

3. Executed Contracts

A contract between the applicant and the vendor must be executed for each service that has been or is to be rendered in the design or construction of a SAW project if the cost of such service is greater than \$50,000. An executed copy of each contract must be enclosed with the Part B submittal.

4. Line-By-Line Completion Guidance

Line 1 – Planning Costs

The costs associated with planning activities directly related to the project for which SAW assistance is being sought. Eligible planning costs include:

- Costs associated with the development of a SAW project proposal, SRF/SWQIF project plan, or other similar planning documents.
- Equipment and services for the acquisition, installation, and operation of flow meters necessary for an infiltration and inflow analysis or for a hydrological study of a storm sewer system or a watershed.
- Costs to prepare an eligible SAW grant application, including force account work.
- Force account costs. The maximum rate for fringe benefits of force account costs is 40 percent of salary. Overtime is not eligible.

The total of any SAW planning grant awards plus the local match must be placed on this line. This amount will need to also be included in Line 17 – less non-SAW funding and SAW grants.

Line 2 – User Charge System Development Costs

The costs associated with the development or updating of the applicant's system of user charges to cover the costs of project construction, operation, and maintenance.

The costs to develop and pass sewer use ordinances, intermunicipal service agreements, or rate methodologies that are necessary for the proposed project are eligible for SAW reimbursement.

The total of any SAW user charge grant awards plus the local match must be placed on this line. This amount will need to also be included in Line 17 – less non-SAW funding and SAW grants.

Line 3 – Design Engineering Costs

The costs associated with SAW project design.

Reasonable carrying charges (i.e., at the prevailing interest rate) assessed by an engineering firm that accepts deferred payment for its design work are eligible for SAW reimbursement.

All costs associated with borrowing that are necessary to pay for the SAW project design work, including interest payments, are eligible for SAW reimbursement, provided the debt instrument can be retired at the time of loan closing. Interest paid on moneys transferred from one applicant account to another is not eligible for SAW reimbursement.

The total of any SAW design grant awards plus the local match must be placed on this line. This amount will need to also be included in Line 17 – less non-SAW funding and SAW grants.

Line 4 — Legal/Financial Service Fees

The costs associated with financial adviser services directly related to the SAW project.

The cost to obtain a credit opinion from a recognized rating agency (e.g., Fitch's, Moody's, or Standard & Poor's) is eligible for SAW reimbursement.

The costs associated with legal services directly related to the SAW project.

Line 5 — Administrative Costs

The eligible costs associated with SAW project administration by the applicant's employees. Appropriate supporting documentation, as delineated on Page 1 of these instructions, must be attached to the Part A submittal. Force account costs are eligible. The maximum rate for fringe benefits of force account costs is 40 percent of salary. Overtime is not eligible.

When a county serves as the applicant for one or more applicant that lacks an investment grade bond rating, the work performed by county employees is eligible for SAW reimbursement. The salary, fringe benefits, and travel expenses of elected officials are not eligible for SAW reimbursement.

The costs associated with a millage election held to increase the local property tax in order to pay for debt incurred in completing an SAW project, or the costs associated with a referendum required to implement the intended method of financing, are eligible for SAW reimbursement.

Line 6 — Bond Counsel Fees

The costs associated with bond counsel services rendered for the applicant and directly related to the SAW project.

Line 7 — Bond Advertisement Costs

Although the applicant will not need to publish a bond advertisement since a buyer for the SAW bonds has already been identified, it may be necessary to publish a notice of intent to sell bonds to satisfy statutory or charter requirements. The cost to publish this notice of intent is eligible for SAW reimbursement.

Depending upon the state statute under which the applicant will be bonding to finance the SAW project, it may be necessary to hold a public referendum. When necessary to comply with state statute, the cost to publish a referendum notice is eligible for SAW reimbursement.

Line 8 — Bid Advertisement Costs

The costs associated with publishing bid advertisements on The Michigan Infrastructure and Transportation Association's website or in a local newspaper or other publication should be placed on Line 8. The invoices for these publications should be sent to the assigned DEQ project manager as soon as they are received.

Line 9 — Land Acquisition/Relocation Costs

Some examples of land acquisition or relocation costs include:

- (1) The costs of a necessary appraisal of any property to be acquired for SAW project construction, including any studies necessary to properly value improvements, minerals, timber, or other resources on the property.

- (2) The costs of surveys and legal boundary descriptions of any property to be acquired for SAW project construction.
- (3) The costs of necessary services associated with the acquisition of property for SAW project construction such as title searches, lease or easement agreement preparation, legal descriptions of the property, legal notices, and closing costs (e.g., transfer tax, evidence of title, recording fee) as well as the cost of easements purchased to provide sewer rights-of-way.
- (4) The costs associated with the planning of necessary relocations as well as the actual reasonable moving and related eligible expenses for persons, businesses, or farms displaced by the SAW project construction.

Line 10 — Land Purchase Costs

The costs associated with eligible purchases of land should be placed on Line 10. This includes land that will physically interact with the wastewater or pollutants received from a treatment works and is an integral part of the treatment process (e.g., land application systems); will be used for the storage of treated wastewater prior to land application (e.g., storage lagoons); or will be used for the ultimate disposal of residues from the wastewater treatment process (e.g., land application of sludge); and it was purchased after the municipality adopted the project proposal or document that was the basis for the project that necessitated the purchase of the land, the purchase cost can be eligible. In cases where a parcel was purchased for both eligible and ineligible purposes, a straight proration based on acreage should be made to determine the cost.

Line 11 — Construction Engineering Costs

The costs associated with construction engineering services, including resident inspection.

An applicant may choose to use its own staff to perform resident inspection, either independent from or concurrent with resident inspection performed by a contracted engineering firm. SAW reimbursements for resident inspections performed by applicant employees along with engineering firms providing inspection services must include a letter that justifies the need for the force account inspection attached to the Part A submittal. The dollar amount for force account resident inspection must be placed on Line 11, not on Line 13.

Line 12 — Construction Costs (Bid Contracts)

The costs associated with project construction that has been or will be competitively bid. Construction work valued at more than \$50,000 should be competitively bid. Applicant can add a reasonable contingency line item to the bidding documents. An overall total loan contingency will not be included in the loan. For construction contracts for which an award of contract has not yet been made, the DEQ project manager will complete this line upon receipt of your Part B application.

All costs associated with project construction should be included on line 12. If the applicant is a disadvantaged community that has been awarded SAW grant funds for construction, the grant amount awarded must be placed on Line 17.

Line 13 — Construction Costs (Force Account)

The costs associated with actual construction that has been or will be performed by applicant employees. The maximum rate for fringe benefits of force account costs is 40 percent of salary.

Line 14 — Equipment Costs

The following are some examples of costs:

- (1) The cost to the owner to acquire a belt filter press to be installed by applicant employees or the general contractor.
- (2) The cost to the owner to acquire eligible furnishings for the treatment plant.
- (3) The cost to the owner to acquire a standby power generator to be installed by applicant employees or the general contractor.
- (4) The cost to the owner to acquire an eligible special-purpose vehicle such as a vactor truck.
- (5) The cost to the owner to acquire sump pumps or septic tanks that will be installed by applicant employees or one of the pre-qualified contractors.

Equipment that costs \$50,000 or more must be procured through a competitive bidding process (i.e., a contract must be awarded through an open, competitive bidding process whereby a solicitation to bid is made by means of a formally advertised public notice).

Line 15 — Other Project Costs

The following are some examples of costs:

- (1) The costs associated with the mitigation of adverse environmental impacts that are the direct result of project construction or operation.
- (2) The costs associated with the cleanup of contaminated soil at a site that is directly affected by SAW project construction (e.g., contamination encountered in a sewer trench or within the footprint of a treatment works building).
- (3) The costs associated with utility relocations performed by local power company personnel.
- (4) The costs associated with the performance of soil borings or compaction testing that is not covered under the project's principal construction engineering services contract.
- (5) The costs associated with videotape or photographic recordings of the project site prior to the start of construction.
- (6) The costs associated with a state-approved Owner Controlled Insurance Program (OCIP) for the project in lieu of traditional contractor insurance coverage.
- (7) The costs associated with the compilation of or project-related revisions to an Operations & Maintenance Manual produced by the treatment plant staff or an independent contractor.
- (8) The purchase of capacity at an existing wastewater treatment works.
- (9) Railroad and road inspection allowances that have been approved by the DEQ project manager as being eligible for funding.